

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Request for Official Position on Task
Group Report on COGP Recommendations
C-1 through C-12

REFERENCE : Memo dtd 13 Mar 74 to Official Agency
Representatives for COGP Matters
fr Office of Procurement Management,
GSA, Same Subject

1. Action Requested: It is requested that you sign the attached letter (Attachment 3) to the Office of Procurement Management, General Services Administration (GSA). This letter provides Agency concurrence and comments on the executive branch task group's report on the Commission on Government Procurement (COGP) Recommendations C-1 through C-12 dealing with acquisition of major systems.

2. Background:

a. The COGP was created by PL 91-129 in November of 1969 to study and recommend to Congress methods to promote the "economy, efficiency, and effectiveness" of procurement by the executive branch. Its membership was composed of 12 individuals selected from the legislative and executive branches and from the public. The COGP report, which was officially released January 22, 1973, is the product of a 3-year study. It contains 149 recommendations intended to improve the procurement process. It is this material that is the subject of the task group reports.

b. In anticipation of the COGP's report to the Congress, the Office of Management and Budget (OMB) on December 7, 1972, announced its plan for mobilizing the executive branch resources for the expeditious review and appropriate implementation of the COGP report and its recommendations. It also advised that OMB would function as the overall coordinator. Thereafter on March 19, 1973, OMB detailed the review and implementation procedures that were to be used in that endeavor. As decreed by OMB, each of the COGP recommendations was to be assigned to a task group composed of a lead agency and several participating agencies.

SUBJECT: Request for Official Position on Task Group Report
on COGP Recommendations C-1 through C-12

The lead agency, together with the participating agencies, was to develop for OMB review a proposed executive branch position on each recommendation assigned, together with proposed implementing documents as might be appropriate.

c. By Executive Order 11717 dated May 9, 1973, certain staff functions then being performed by OMB were transferred to GSA. As explained in a White House memorandum dated June 28, 1973, addressed to certain agency heads including the Director of Central Intelligence, among the staff functions transferred by Order 11717 were those concerned with coordinating the review and implementation of the COGP report. That memorandum also advised that GSA would now have full responsibility for directing and coordinating the development of proposed executive branch positions on issues raised by the COGP recommendations. It also asked that addressees designate an individual to serve as a member of the Procurement Policy Group which was to assist in carrying out the task. It also asked that the names of agency designees be passed directly to GSA. Pursuant to a request from the Office of the Deputy Director for Management and Services, the Director of Logistics advised GSA on 9 July 1973 that

25X1A [redacted] Chief, Procurement Management Staff, OL, would be the Agency's representative on the Procurement Policy Group. As such, [redacted] has prepared and coordinated, as appropriate, all responses to date providing official Agency views on proposed executive branch positions as developed by the task groups on the COGP recommendations. However, because of the many general management considerations in addition to procurement policies attached to COGP Recommendations C-1 through C-12, GSA has asked that agency heads sign the response in this case.

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3. Staff Position: The COGP Recommendations C-1 through C-12 deal principally with the management and acquisition of major systems and are aimed primarily at agencies such as the Department of Defense and the National Aeronautics and Space Administration. Because the recommendations are lengthy, they are not cited herein but are included as Attachment 1. Since "major" systems acquisitions within the Agency are largely confined to the Directorate of Science and Technology, the proposed response is based upon their comments as provided in Attachment 2. The Agency takes the position of general concurrence with

SUBJECT: Request for Official Position on Task Group Report
on COGP Recommendations C-1 through C-12

the intent of COGP recommendations, as a whole, and the task group's proposed executive branch position. The thrust of our comments on the individual recommendations are similar to the task group's, and we believe it inappropriate to establish a rigidly uniform application of the system advocated by the COGP.

4. Recommendation: It is requested that you sign the attached letter providing the Agency position on the task group's proposed recommendations on COGP Recommendations C-1 through C-12.

Memo not signed to DCI;
letter rewritten for Mr. Brownman's
signature (Att. 3)

HAROLD L. BROWNMAN
Deputy Director
for
Management and Services

3 Atts.

Distribution:

✓ Orig - D/L via DD/M&S, w/atts
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DD/S&I# 1312-744

Approved For Release 2003/03/10 : CIA-RDP78-05399A000200070007-1

GENERAL SERVICES ADMINISTRATION

Office of Federal Management Policy

Washington, DC 20405



MAR 13 1974

MEMORANDUM FOR OFFICIAL AGENCY REPRESENTATIVES FOR COMMISSION
ON GOVERNMENT PROCUREMENT (COGP) MATTERS

Subject: Request for Official Position on Task Group Report
on COGP Recommendations C-1 Through C-12

Earlier memorandums from the Director, Office of Management and Budget (OMB), and the Associate Administrator, General Services Administration (GSA), have outlined details of the coordination of executive branch action on COGP matters. This memorandum is pursuant to those communications.

The official concurrence or nonconcurrence of your Department or Agency is requested by May 17, 1974, regarding the proposed positions set forth in the enclosed task group report on COGP Recommendations C-1 through C-12 concerning the acquisition of major systems. The subject recommendations involve so many general management considerations in addition to procurement policies that we request official views be signed by Agency Heads in this case. The decision to solicit a position on this proposal does not constitute endorsement of the proposal by this agency or those agencies having members on the task group.

Enclosed with the task group report is an analysis prepared by this office which highlights some of the more important aspects of the report. The analysis is intended to be helpful but does not eliminate the need for a thorough evaluation of the subject matter for the basis of forming a position. Also enclosed for your information is a copy of Senate Bill S. 1414 concerning the authorization and budgeting processes which relates to COGP Recommendations C-2 and C-5. The task group's position on these two recommendations is to leave the manner in which these recommendations are to be adopted to each Agency in association with its OMB division and Congressional Committee counterparts.

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2

Because of the widespread interest in the approach to the acquisition of major systems, those executive Agencies involved with such needs, as defined on page 90 of Volume 2 of the COGP report, should carefully develop and document their response in respect to the Commission's proposed "integrated systems approach" and the findings of the task group. Questions regarding this matter may be discussed with me or Mr. H. E. Tetirick, Telephone Code 183-6194 or 6201 (outside 343-6194 or 6201).

Sincerely,



WILLIAM W, THYBONY
Acting Director
Office of Procurement Management

Enclosures

OFFICE OF PROCUREMENT MANAGEMENT
STAFF ANALYSIS OF TASK GROUP PROPOSALS
CONCERNING PART "C" OF COGP RECOMMENDATIONS

1. The Task Group Report

a. Lead Agency: DOD

b. Participating Agencies: AEC, DOT, NASA and NSF

c. The Recommendations (Category B): The COGP report calls for an integrated "systems approach" to solving major systems acquisition problems and makes 12 interrelated recommendations which form a structure believed by the Commission to be applicable to acquisition programs for all agencies. The recommendations were not designed to be applied selectively but, rather, to work together to control the whole.

d. Task Group Position: Subject to certain reservations and modifications, the Task Group concurs with what it believed to be the Commission's intention to improve the major system acquisition process and believes that the existing policies of those agencies with members on the Task Group generally reflect the Commission's intentions. Although the Task Group believes that the collective policy "framework" postulated by the COGP recommendations represents a valuable reference against which all agencies, each in their own context, can continuously examine their major system acquisition activity, it also concluded that valid differences exist in agency operational and organizational philosophy so that a rigidly uniform application of the system advocated by the Commission would be inappropriate. Other implementation action strongly recommended by the Task Group involves efforts of individual agencies to implement COGP Recommendations C-2 and C-5 through improved legislative-executive branch relationships.

e. Pivotal Implementation Issues: In reaching the general agreement reflected above, the Task Group enunciated certain reservations identified as pivotal implementation issues. These are:

1. The degree to which a common major systems acquisition procedure should be pursued by the executive branch agencies.

2

2. The degree of Government-wide commonalty of the relationship between individual agencies and their legislative counterparts.

3. The degree to which aggregation of several programs or projects into a broad mission presentation will improve the ability of various agencies to more effectively communicate with Congress.

4. The degree of competition desired between agency components for assignments within mission areas which are traditionally the province of one component.

5. The ability to adequately fund alternative system concepts in the face of inflation and limited dollar budget levels.

f. Task Group Recommendations (General):

1. That the executive branch generally concurs with the policy intent of the Part C Recommendations and the associated report text, subject to certain reservations the Task Group set forth in its individual recommendation position papers.

2. That each agency adopt, subject to the same reservations mentioned in item f(1) above, the policy intent of all the recommendations, in a manner appropriate to that agency's mission and environment.

3. That each agency, in association with its OMB division and Congressional committee counterparts, determine the manner in which Recommendations C-2 and C-5 are to be adopted.

g. Summary of Proposed Executive Branch Position on Each of the 12 Recommendations: See Attachment A for Task Group's summary. While concurring with the Task Group position in general, several Task Group members also expressed qualifications as to the feasibility of their agency implementing certain recommendations. Several of those reservations are set forth below.

3

h. Reservations of Participating Members of the Task Group: Members of the Task Group from the Lead Agency (DOD) believe their views are adequately treated throughout the Task Group report. Pertinent comments of Participating Members are as follows:

1. AEC--"The AEC has adopted, wherever possible, the basic principles enunciated in the Government Procurement Commission Report; and we will continue to do so for future programs that are related to major systems since they represent sound management principles for all such programs." However, "--if compliance is made mandatory that the Agency follow the proposed prescribed sequential steps in the procurement process for all AEC programs that are associated with major systems, the AEC has determined that such a requirement would be detrimental to our operations." (See total comment, page 4.b, Task Group report.)

2. DOT--General Comment, "--it is clear that the (COGP, Part "C") recommendations are primarily applicable to the DOD environment--i.e., to major, highly complex, high-dollar value system acquisitions."

It is considered essential that any application of the recommendations recognize the difference among the various Government agencies involved and allow each Government agency sufficient flexibility to exercise judgment in applying the recommendations to their own specific circumstances. Specific dissents registered by the DOT Member are as follows:

Recommendation C-8: (a) "Most DOT 'major acquisitions' do not justify a separate program office, and DOT should be permitted to exercise judgment in this area." (b) "The Contracting Officer should not be integrated within the program office because such an arrangement could lead to a conflict of authority between the Program Manager and Contracting Officer." (c) "Cost-reimbursement contracts should not be utilized for all high technical risk portions of a program because the parties involved should be permitted to exercise judgment on a case-by-case basis." Recommendation C-9: DOT should be permitted to exercise judgment concerning establishment of a separate test and evaluation activity because of its scale of operations, etc.

3. NASA--"This Agency has carefully reviewed Recommendations C-1 thru C-12 and generally concurs in the concept set forth therein and their intent." No further implementation action is expected since NASA's "--directives as currently established already incorporate the spirit of these recommendations."

4

4. NSF--General comment: The NSF Member questions whether the recommendations are appropriate for the kinds of systems research conducted by NSF. He believes it would be appropriate to establish criteria by which agencies could assess the appropriateness of implementing all or selected parts of the recommendations. He suggests that the recommendations be tested to validate that savings will be realized under a wide range of major systems acquisition programs; i.e., will increasing research investment yield optimum production cost reductions? The NSF Member dissented from Recommendation C-9 because it would be impractical for NSF to implement; i.e., user must assess utility of NSF-sponsored research.

i. Differences Between the Proposed Position and COGP Recommendations: (Also see attached summary which recaps differences.) The Task Group proposes that the executive branch adopt Recommendations C-2, C-8, C-9 and C-11 as written by the COGP except that DOT and NSF expressed dissents pertaining to C-8 and C-9 (see "h" above). Pertinent difference regarding the other eight recommendations are as follows:

C-1: (Qualifications)--In implementing this recommendation, each agency should jointly agree with its OMB and Congressional liaison on the identification and definition of relevant "mission" areas, including recognition of limitations in making long-range projections of mission capabilities, deficiencies, total mission cost, etc.

C-3: (Restriction)--The Task Group recommends that the executive branch not "Restrict subsystem development to less than fully designed hardware until identified as part of a system candidate to meet specific operational need" as recommended by the Commission. In lieu thereof, it suggests alternative wording calling for exercise of judgment regarding the extent of subsystem development and testing on a specific subsystem prior to its identification as part of particular system/subsystem.

C-4: (Modifications)--Task Group proposes that the executive branch position on this COGP recommendation be enlarged so that industry would be encouraged to propose alternatives to time, cost and capability goals set forth in solicitations. In addition, the Task Group stipulates that system concept proposals be

solicited "from any qualified firm, including smaller businesses" which stipulation results in the deletion of certain criteria for determining eligibility of smaller businesses included in the COGP recommendation. The Task Group also expressed concern as to the practical ability of various agencies to literally adopt the thrust of the recommendation. For example, the AEC Member's concern involved differing agency philosophies regarding use of in-house and GOCO-operated facilities.

C-5: (Modified)--The Task Group concurs with COGP recommendation except it would modify the proposed executive branch position to recognize that agency components as well as agencies can be involved in the budget processes.

C-6 (Modified)--The Task Group's proposed executive branch position would modify part (a) of C-6 to read "Funding design contractors at planned levels,---" in lieu of "Limiting commitments to each contractor to annual fixed-level awards,--." The term "fixed-level awards" is interpreted by the Task Group to mean a planned level of effort, not necessarily a fixed-dollar ceiling. The Task Group does not regard the difference between the terms "fixed-level awards" and "level of effort" to be sufficient to merit introduction of new terminology to describe a currently essentially well-understood contracting technique; hence, the recommended modification to subparagraph (a) of the recommendation.

The Task Group's proposal also would modify part (b) of C-6 to "Encouraging appropriate interaction between agency representatives--and a contractor--" in lieu of "Assigning agency representatives--to advise competing contractors--as necessary in developing performance and other requirements for each candidate system as tests and trade-offs are made."

The Task Group is concerned with the difficulties surrounding equitable treatment of competing contractors. Therefore, rather than a mandatory requirement to "assign agency representatives to advise competing contractors" it would limit its proposed executive branch policy to that of "encouraging appropriate interaction" between agency representatives and a contractor.

Although the AEC Member concurs with the basic thrust of Recommendation C-6, he believes its application to AEC would be limited because the Atomic Energy Act of 1954 prohibits non-Government research, development and production of nuclear weapons..

C-7: (Modified)--The modifications recommended by the Task Group are for clarification purposes regarding implementation and do not modify the thrust of this COGP recommendation.

The Task Group expressed reservations as to the practical benefit and/or effect concerning the development and use of lifetime-ownership cost projections in choosing preferred systems and developing total cost projections for the number and kinds of systems to be bought for operational use. These reservations are based upon doubt as to the practical ability of agencies to produce valid cost estimates particularly in respect to the operating-cost portion of life-cycle costs. For this reason, the Task Group has reservations as to the literal implementation of that portion of Recommendation C-7.

C-10: (Modified)--The modification proposed by the Task Group would delete the words "contracting officials to" from Part "c" of Recommendation C-10; i.e., "Allow contracting officials to use (of) priced production options---." The only rationale provided for this modification in the Task Group report is that "--to preclude the permissive use of such options for major systems acquisitions, approvals for use should be considered in connection with other key agency head technical and program decisions."

C-12: (Modified)--The Task Group would add the words in parentheses below to Part (b) of Recommendation C-12: "Approve (that) alternative systems (be) committed to system fabrication and demonstration." In addition, it would modify Part (c) to read "Approving entry into full-scale development and limited production," in lieu of "Approving the preferred system chosen for final development and limited production." The rationale for these modifications was not provided in the Task Group report.

7

2. Observations Concerning the Task Group Report:

The Task Group report is complete in the sense that it proposes an executive branch position in respect to each part of the 12 individual recommendations of the COGP pertaining to the acquisition of Major Systems. In comparing the Task Group's proposed executive branch position to the COGP recommendations, we find no major departures from the theme of the integrated systems approach to solving systems acquisition problems as structured by the 12 COGP recommendations. Furthermore, the Task Group notes that "The existing policies of the agencies represented on the ISG (Interagency Steering Group) are believed generally to reflect the Commission's intentions."

Patently, it would appear that there is general agreement among the Task Group Members that the integrated systems approach recommended by the COGP for the acquisition of major systems should be adopted by the executive branch in total and that such a system has already been implemented by AEC, DOD, DOT, NASA and NSF. However, the Task Group report identifies a number of provisos and certain pivotal issues. For examples, the Task Group's opinion is that it would be inappropriate for the executive branch to promulgate policies and procedures calling for the uniform application of the "integrated systems approach." Rather, it suggests employing its "collective policy framework" as "a valuable reference" for use by all agencies in their own context.

The Task Group reports that "Valid differences exist in agency operational and organizational philosophy such that rigidly uniform application--would be inappropriate." The AEC, DOT and NSF Members of the Task Group have cited several differences in operational and organizational philosophy of their agencies vs. that of DOD and NASA and the COGP thrust as well. In addition, the Task Group cautions that the literal implementation of certain aspects of some of the recommendations may be impractical. Taken altogether, we are unable to judge how fully the COGP recommendations would be implemented after giving effect to pivotal issues, the "general framework of reference" concept and agency reservations in view of the COGP statement that their recommendations were not designed to be applied selectively but, rather, to work together to control the whole.

31 December 1973

Approved For Release 2003/03/10 : CIA-RDP78-05399A000200070007-1

VII.
SUMMARY OF INTERAGENCY STEERING GROUP'S
PROPOSED EXECUTIVE BRANCH POSITION

<u>No.</u>	<u>Recommendation</u>	<u>Proposed Position</u>	<u>Dissenting Views</u>
C-1	Start new system acquisition programs with agency head statements of needs and goals ...	Adopt subject to qualifications.	None
C-2	Begin Congressional budget proceedings with an annual review ...	Adopt as written by the Commission.	None
C-3	Support the general fields of knowledge ...	Adopt except for restriction on subsystems development.	None
C-4	Create alternative system candidates ...	Adopt in modified form.	None
C-5	Finance the exploration of alternative systems...	Adopt in modified form.	None
C-6	Maintain competition between contractors exploring alternative systems...	Adopt in modified form.	None
C-7	Limit premature system commitments ...	Adopt in modified form.	None
C-8	Obtain agency head approval ... concentrate development resources on a single system ...	Adopt as written by the Commission.	DOT
C-9	Withhold agency head approval ... for full production ... until ... the system performance has been tested and evaluated ...	Adopt as written by the Commission	DOT, NSF
C-10	Use contracting as an important tool of system acquisition...	Adopt in modified form.	None
C-11	Unify policymaking and monitoring responsibilities for major system acquisitions ...	Adopt as written by the Commission	None
C-12	Delegate authority for all technical and program decisions to the operating agency components ...	Adopt in modified form.	None

APPENDIX B

List of Recommendations

Establishing Needs and Goals

1. Start new system acquisition programs with agency head statements of needs and goals that have been reconciled with overall agency capabilities and resources.
 - (a) State program needs and goals independently of any system product. Use long-term projections of mission capabilities and deficiencies prepared and coordinated by agency component(s) to set program goals that specify:
 - (1) Total mission costs within which new systems should be bought and used
 - (2) The level of mission capability to be achieved above that of projected inventories and existing systems
 - (3) The time period in which the new capability is to be achieved.
 - (b) Assign responsibility for responding to statements of needs and goals to agency components in such a way that either:
 - (1) A single agency component is responsible for developing system alternatives when the mission need is clearly the responsibility of one component; or
 - (2) Competition between agency components is formally recognized with each offering alternative system solutions when the mission responsibilities overlap.
2. Begin congressional budget proceedings with an annual review by the appropriate committees of agency missions, capabilities, deficiencies, and the needs and goals for new acquisition programs as a basis for reviewing agency budgets.

Exploring Alternative Systems

3. Support the general fields of knowledge that are related to an agency's assigned responsibilities by funding private sector sources and Government in-house technical centers to do:
 - (a) Basic and applied research
 - (b) Proof of concept work
 - (c) Exploratory subsystem development. Restrict subsystem development to less than fully designed hardware until identified as part of a system candidate to meet a specific operational need.
4. Create alternative system candidates by:
 - (a) Soliciting industry proposals for new systems with a statement of the need (mission deficiency); time, cost, and capability goals; and operating constraints of the responsible agency and component(s), with each contractor free to propose system technical approach, subsystems, and main design features.
 - (b) Soliciting system proposals from smaller firms that do not own production facilities if they have:
 - (1) Personnel experienced in major development and production activities
 - (2) Contingent plans for later use of required equipment and facilities.
 - (c) Sponsoring, for agency funding, the most promising system candidates selected by agency component heads from a review of those proposed, using a team of experts from inside and outside the agency component development organization.

5. Finance the exploration of alternative systems by:
 - (a) Proposing agency development budgets according to mission need to support the exploration of alternative system candidates.
 - (b) Authorizing and appropriating funds by agency mission area in accordance with review of agency mission needs and goals for new acquisition programs.
 - (c) Allocating agency development funds to components by mission need to support the most promising system candidates. Monitor components' exploration of alternatives at the agency head level through annual budget and approval reviews using updated mission needs and goals.
6. Maintain competition between contractors exploring alternative systems by:
 - (a) Limiting commitments to each contractor to annual fixed-level awards, subject to annual review of their technical progress by the sponsoring agency component.
 - (b) Assigning agency representatives with relevant operational experience to advise competing contractors as necessary in developing performance and other requirements for each candidate system as tests and tradeoffs are made.
 - (c) Concentrating activities of agency development organizations, Government laboratories, and technical management staffs during the private sector competition on monitoring and evaluating contractor development efforts, and participating in those tests critical to determining whether the system candidate should be continued.
- demonstration depending on their relative technical progress, remaining uncertainties, and economic constraints. The overriding objective should be to have competition at least through the initial critical development stages and to permit use of firm commitments for final development and initial production.
- (b) Providing selected contractors with the operational test conditions, mission performance criteria, and lifetime ownership cost factors that will be used in the final system evaluation and selection.
- (c) Proceeding with final development and initial production and with commitments to a firm date for operational use after the agency needs and goals are reaffirmed and competitive demonstration results prove that the chosen technical approach is sound and definition of a system procurement program is practical.
- (d) Strengthening each agency's cost estimating capability for:
 - (1) Developing lifetime ownership costs for use in choosing preferred major systems
 - (2) Developing total cost projections for the number and kind of systems to be bought for operational use
 - (3) Preparing budget requests for final development and procurement.
8. Obtain agency head approval if an agency component determines that it should concentrate development resources on a single system without funding exploration of competitive system candidates. Related actions should:
 - (a) Establish a strong centralized program office within an agency component to take direct technical and management control of the program.
 - (b) Integrate selected technical and management contributions from in-house groups and contractors.
 - (c) Select contractors with proven management, financial, and technical capabilities as related to the problems at hand. Use cost-reimbursement contracts for high technical risk portions of the program.

Choosing a Preferred System

7. Limit premature system commitments and retain the benefit of system-level competition with an agency head decision to conduct competitive demonstration of candidate systems by:
 - (a) Choosing contractors for system

(d) Estimate program cost within a probable range until the system reaches the final development phase.

System Implementation

9. Withhold agency head approval and congressional commitments for full production and use of new systems until the need has been reconfirmed and the system performance has been tested and evaluated in an environment that closely approximates the expected operational conditions.

(a) Establish in each agency component an operational test and evaluation activity separate from the developer and user organizations.

(b) Continue efforts to strengthen test and evaluation capabilities in the military services with emphasis on:

- (1) Tactically oriented test designers
- (2) Test personnel with operational and scientific background
- (3) Tactical and environmental realism
- (4) Setting critical test objectives, evaluation, and reporting.

(c) Establish an agencywide definition of the scope of operational test and evaluation to include:

- (1) Assessment of critical performance characteristics of an emerging system to determine usefulness to ultimate users
- (2) Joint testing of systems whose missions cross service lines
- (3) Two-sided adversary-type testing when needed to provide operational realism
- (4) Operational test and evaluation during the system life cycle as changes occur in need assessment, mission goals, and as a result of technical modifications to the system.

10. Use contracting as an important tool of system acquisition, not as a substitute for

management of acquisition programs. In so doing:

(a) Set policy guidelines within which experienced personnel may exercise judgment in selectively applying detailed contracting regulations.

(b) Develop simplified contractual arrangements and clauses for use in awarding final development and production contracts for demonstrated systems tested under competitive conditions.

(c) Allow contracting officials to use priced production options if critical test milestones have reduced risk to the point that the remaining development work is relatively straightforward.

Organization, Management, and Personnel

11. Unify policymaking and monitoring responsibilities for major system acquisitions within each agency and agency component. Responsibilities and authority of unified offices should be to:

- (a) Set system acquisition policy.
- (b) Monitor results of acquisition policy.
- (c) Integrate technical and business management policy for major systems.
- (d) Act for the secretary in agency head decision points for each system acquisition program.
- (e) Establish a policy for assigning program managers when acquisition programs are initiated.
- (f) Insure that key personnel have long-term experience in a variety of Government/industry system acquisition activities and institute a career program to enlarge on that experience.
- (g) Minimize management layering, staff reviews, coordinating points, unnecessary procedures, reporting, and paperwork on both the agency and industry side of major system acquisitions.

12. Delegate authority for all technical and program decisions to the operating agency

components except for the key agency head decisions of:

- (a) Defining and updating the mission need and the goals that an acquisition effort is to achieve.
- (b) Approving alternative systems to be

committed to system fabrication and demonstration.

- (c) Approving the preferred system chosen for final development and limited production.
- (d) Approving full production release.

TAB

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30 APR 1974

MEMORANDUM FOR: Chief, Procurement Management Staff, OL

SUBJECT : Commission on Government Procurement
Recommendations C-1 through C-12
Concerning Systems Acquisition

In response to your request to review the Executive Branch Task Group's recommendations for implementation of the subject COGP recommendations the following comments are submitted:

A. We generally concur in the integrated systems approach set forth in the COGP recommendations C-1 through C-12. However, we believe the recommendations are more applicable to major system acquisition programs of the DOD than to the relatively small size CIA programs. The Agency is involved in new computer acquisitions, communications satellite programs and occasionally a collection system which might qualify under the heading "major" but these are few and far between. Even in these cases we feel our current review and operating procedures carry out the intent of the subject recommendations.

B. Recommendation C-1

The Agency concurs generally in the qualifications, namely, "In implementing this Recommendation, each agency should jointly agree with its OMB and Congressional liaison on the identification and definition of relevant "mission" areas, including recognition of limitations in making long-range projections of mission capabilities, deficiencies, total mission cost, etc." Noteworthy is the absence of reference to the "Management by Objectives" approach,

SUBJECT: Commission on Government Procurement
Recommendations C-1 through C-12
Concerning Systems Acquisition

which takes needs, goals and missions into consideration. The Agency's Director approves these objectives as well as the programs and budgets as submitted to OMB and Congress. We feel our presentations to OMB and Congress should continue to be tailored to the needs of these review levels.

Recommendation C-2

We concur with the intent but believe each Agency has learned through experience and from guidance from Congressional Committees what the best approach is to Congressional hearings. To apply a universal format to review missions, capabilities, deficiencies, needs, and goals could be wasteful and time consuming. We cover these points without specifically designing our presentations with an initial survey on these basic points.

Recommendation C-3

The Agency concurs in the Task Group's position to leave the manner in which this Recommendation is to be adopted to the Agency in association with its OMB division and Congressional committee counterparts.

Recommendation C-4

The Agency concurs with the intent of the recommendation but does not concur with mandatory adherence. The sensitive nature of many procurements precludes widespread solicitations. In addition without further criteria it would be difficult to determine whether additional research investment would achieve savings. It is recommended that the substantiation of savings be investigated before major commitments be made to "create alternative system candidates."

SUBJECT: Commission on Government Procurement
Recommendations C-1 through C-12
Concerning Systems Acquisition

Recommendation C-5

The Agency concurs with the modified C-5 Recommendation subject to the points raised in Recommendation C-4 above that the Agency in association with its OMB division and Congressional committee counterparts, can determine the manner in which Recommendation C-5 is to be implemented.

Recommendation C-6

Adherence to Recommendation C-6 would be limited because the Agency is concerned about the absence of criteria in implementing this Recommendation. Further, the Agency is concerned because the nature of its mission would prevent the Recommendation being carried out. Finally, criteria must be set forth to determine the ability to adequately fund alternative system concepts in the face of limited dollar budget levels.

Recommendation C-7

The Agency is concerned with the applicability of Recommendation C-7 to its major systems. It appears that the intent of the Recommendation is designed for DOD systems, however, the Agency does concur in the intent of the Recommendation and does benefit from system level competition in the absence of delineating criteria.

Recommendation C-8

Strong centralized control on major programs has been the practice in the Agency. Agency policy is that the contracting officer should be closely associated with the program office but he should be independent in making legal determinations and in these matters be directly responsible to a senior contracting officer rather than to the program technical office. Finally it is our view that a cost

SUBJECT: Commission on Government Procurement
Recommendations C-1 through C-12
Concerning Systems Acquisition

reimbursable type contract should be used for a high technical risk task but that all circumstances should be known before a determination can be made as to contract type.

Recommendation C-9

We concur with the intent of the recommendation but in view of the small size and limited number of Agency programs, it would not justify setting up a separate test and evaluation activity nor to delay programs by requiring additional approvals prior to initiating production.

Recommendation C-10

The principles of this Recommendation are not fully applicable to major Agency system acquisition programs but rather are designed for major DOD programs. Specifically, the Recommendation allowing Contract Officers to use "priced production options" is not generally applicable to our major system programs.

Recommendation C-11

The intent of this Recommendation is being carried out.

Recommendation C-12

The intent of this Recommendation is being carried out.



Executive Officer
Directorate of
Science and Technology

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